

Translation

Legislative Council Panel on Transport Subcommittee on Matters Relating to Railways

Hung Shui Kiu Station

Introduction

This paper briefs Members on the proposed way forward of the Hung Shui Kiu (HSK) Station project.

Background

2. The HSK Station is one of the seven recommended railway schemes in the Railway Development Strategy 2014 (RDS-2014). The HSK Station will be on the West Rail Line (WRL) between the existing Tin Shui Wai Station and Siu Hong Station, primarily to serve the future Hung Shui Kiu/Ha Tsuen New Development Area (HSK/HT NDA).

MTRCL's Proposal for HSK Station

3. In May 2019, the Transport and Housing Bureau invited the MTR Corporation Limited (MTRCL) to submit a proposal for the HSK Station under the ownership approach¹. The location of the proposed HSK Station is shown in **Annex**.

¹ Under the ownership approach, MTRCL will be responsible for the funding, design, construction, operation and maintenance of the new railway, and will ultimately own the railway. For financially non-viable railway projects, the Government will provide funding support to bridge the funding gap. Upon receipt of the funding support, MTRCL would bear all the commercial risks associated with the design, construction, operation and maintenance of the new railway. The Government has no obligation to provide any further funding support to MTRCL even if the future revenue arising from the new railway turns out to be lower than expected. Under the concession approach, the construction of a railway project will be funded by the Government under the Public Works Programme. MTRCL will operate the new railway through a service concession to be granted by the Government, or a third party in or to whom the Government has vested or leased such new railway (such as the Kowloon-Canton Railway Corporation as a third party, as in the case of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link).

Transport and Economic Justifications

4. The primary function of HSK Station is to serve the transport need of the HSK/HT NDA which, upon full development, will accommodate a total population of 218 000², including 176 000 new population, and 150 000 new jobs. The HSK Station will bring jobs closer to residents along the railway network. The proposed HSK Station will promote railway-based public transport development and serve the population of the NDA. According to the latest development programme, the number of new population intake in the NDA will be 36 400 by 2030, including around 9 200 within 500m of the proposed HSK Station. The new population within 500m of the proposed station will gradually increase to 59 600 upon full development.

5. Without HSK Station, the residents in HSK/HT NDA intending to use WRL are expected to travel to Tin Shui Wai Station or Siu Hong Station by feeder service. The journey from the future town centre of HSK/HT NDA to Tin Shui Wai Station by road transport now takes about 24 minutes during rush hours, while the journey to Siu Hong Station takes about 20 minutes. With HSK Station, the journey from town centre to these two stations by railway is expected to be about 4 minutes. HSK Station will offer an alternative transport choice to the residents in the vicinity by facilitating commuters to use rail-based transport, bringing significant transport benefits by reducing the travelling time for the total population of around 218 000 upon full development.

6. The economic benefits accrued to transport infrastructure is generally measured in terms of time saving to road users. According to MTRCL, it is estimated that HSK Station will save the public a cumulative total of about 314 million hours over 50 years of operation. The economic benefits, including the said time saving, of HSK Station are estimated to be about \$55 billion in 2018 prices, and the corresponding Economic Internal Rate of Return³ (EIRR) is about 12.5% per annum.

² The Civil Engineering and Development Department (CEDD) is exploring the feasibility of further intensification of the NDA development and increasing the overall public housing ratio in the area. The population and job numbers for HSK/HT NDA as mentioned in the context would be subject to the outcome of the review.

³ The transport economic benefit, including passenger time saving, public transport vehicle operating cost savings and accident cost savings, have been quantified for calculating the rate of return, at which the net present value of all the cash flow of the project (i.e. costs and benefits) equals zero.

The above assessment has not yet included the other benefits that may be brought about by the railway development (for example, the HSK Station project will optimise the development potential of HSK/HT NDA , offer transport service of higher efficiency, cultivate a greener environment, etc.).

Works Programme

7. To tie in with the development programme of HSK/HT NDA, the construction of HSK Station may commence in 2024 for completion in 2030. During the construction period, MTRCL will carefully plan and implement the construction works to reduce the impact on the existing railway and equipment to ensure normal operation of the WRL as far as possible.

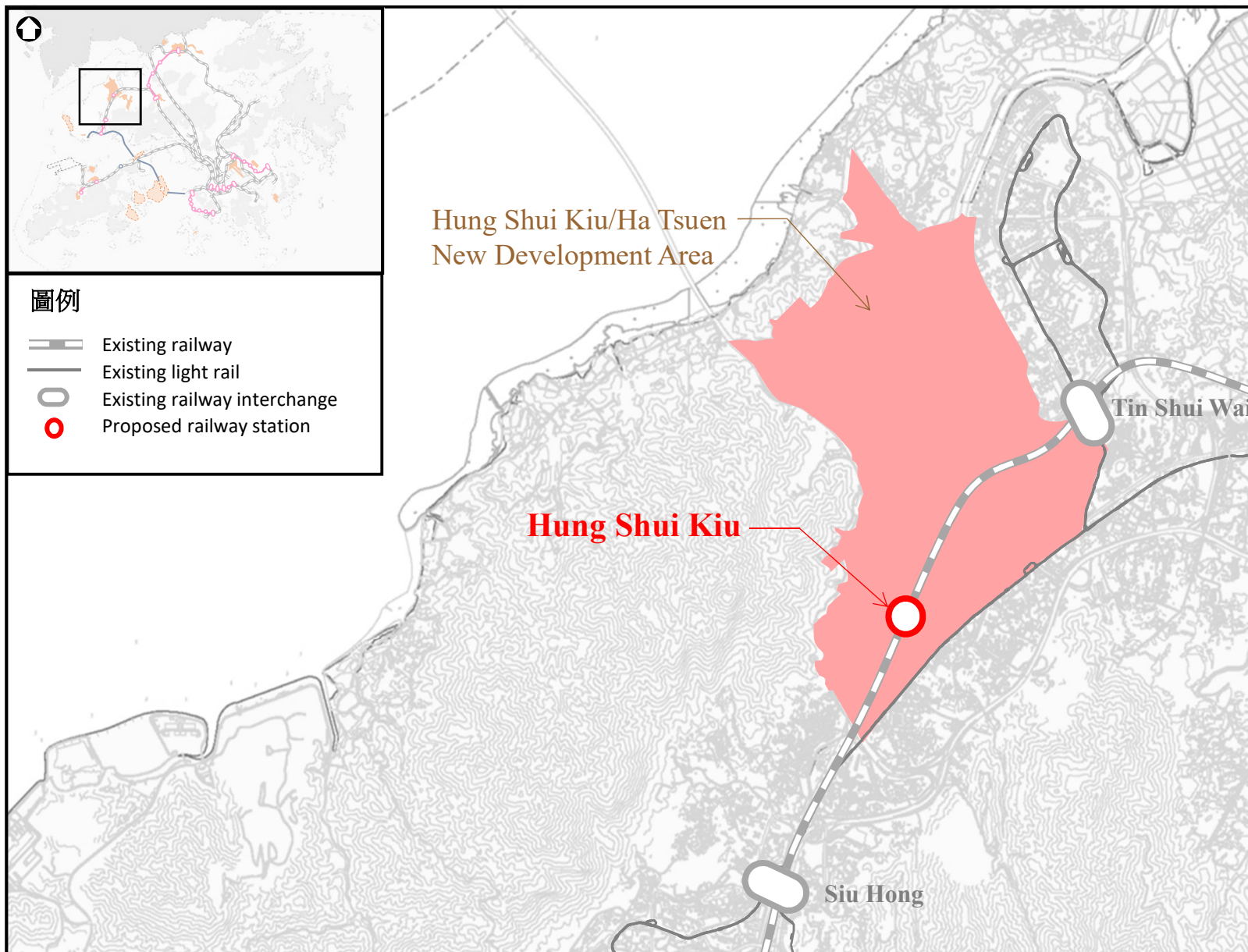
Financing Arrangement

8. According to the Project Proposal submitted by MTRCL, the estimated capital costs of the HSK Station are about \$4.1 billion (in December 2018 prices). We will conduct independent assessment on MTRCL's detailed planning and design to ascertain the cost estimates.

Way Forward

9. The Government has invited MTRCL to proceed with the detailed planning and design of the HSK Station, and will carry out negotiation with MTRCL on the financing arrangement of the HSK Station on the basis of the ownership approach for funding the project. The negotiation will be conducted concurrently with the detailed planning and design process of the project. In this process, we will examine the construction and operating costs of the project carefully and rigorously with the support of independent consultants.

Transport and Housing Bureau
Highways Department
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Annex - Location of Proposed Hung Shui Kiu Station